
SENATE BILL No. 507

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-31; IC 22-4-25-3.

Synopsis: Employer tax credits for employee training. Provides a tax credit against state tax liability for expenditures made by an employer to pay or reimburse an employee for the costs of basic skills education and training.

Effective: Upon passage; July 1, 2007.

Delph, Kenley

January 23, 2007, read first time and referred to Committee on Pensions and Labor.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 507

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]:

4 **Chapter 31. Basic Skills Training Course Tax Credit**
5 **Sec. 1. As used in this chapter, "credit" refers to a tax credit**
6 **against state tax liability.**

7 **Sec. 2. As used in this chapter, "employer" has the meaning set**
8 **forth in IC 22-4-7.**

9 **Sec. 3. As used in this chapter, "pass through entity" means a:**
10 **(1) corporation that is exempt from the adjusted gross income**
11 **tax under IC 6-3-2-2.8(2);**
12 **(2) partnership;**
13 **(3) limited liability company; or**
14 **(4) limited liability partnership.**

15 **Sec. 4. As used in this chapter, "qualified employee" means an**
16 **individual in an employment relationship (as defined in**



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IC 22-4-8-1) with a qualified employer.

Sec. 5. As used in this chapter, "qualified employer" means an employer that has been awarded a credit under section 8 of this chapter.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total state tax liability that is incurred under:

- (1) IC 6-2.5 (the state gross retail and use tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (3) IC 6-5.5 (the financial institutions tax); and
- (4) IC 27-1-18-2 (the insurance premium tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 8. (a) The department of workforce development shall carry out a program to qualify employers for a credit of not more than fifty thousand dollars (\$50,000) per taxable year for fifty percent (50%) of a qualified employer's cost for all qualified employees' expenses for tuition and regularly assessed fees, not to exceed five hundred dollars (\$500) per qualified employee, that are incurred to complete basic skills training courses.

(b) The department of workforce development may award not more than five million dollars (\$5,000,000) per state fiscal year in tax credits under this chapter.

(c) The department of workforce development shall determine the:

- (1) qualifications for an award of credits under this chapter; and
- (2) amount of credits to be awarded to each qualifying employer.

Sec. 9. The department of workforce development shall certify the maximum amount of credit that a qualified employer is eligible for in a taxable year to the qualified employer.

Sec. 10. (a) A qualified employer that has a qualified employee who completes a basic skills training course and achieves a:

- (1) general education degree (GED) or high school equivalent degree as defined by the state department of education under IC 20-20-6; or
- (2) skill level gain in mathematics, reading, or computer literacy as determined by the department of workforce development;

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in a taxable year is entitled to a credit against the qualified employer's state tax liability for the taxable year.

(b) The amount of the credit to which the qualified employer is entitled is the least of the following:

(1) Fifty percent (50%) of a qualified employer's costs for the qualified employee's tuition expenses.

(2) Five hundred dollars (\$500).

(3) The balance of the credits awarded to the qualified employer for the taxable year that has not been applied toward the costs of another basic skills training course.

Sec. 11. If a pass through entity is entitled to a credit under this chapter but does not have state tax liability against which the credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

(1) the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 12. A taxpayer is not entitled to a carryforward, carryback, or refund of any unused credit.

Sec. 13. To receive a credit, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue or (in the case of the premiums tax) the department of insurance. A qualified employer must provide a copy of the certification letter received from the department of workforce development when the credit is claimed on the taxpayer's tax return.

Sec. 14. Not more than ninety (90) days after the end of a state fiscal year, the:

(1) department of state revenue; and

(2) department of insurance;

shall certify to the department of workforce development the name of each taxpayer awarded a credit and the total amount of credits claimed on tax returns processed during the immediately preceding state fiscal year.

Sec. 15. The department of workforce development shall transfer the amount certified under section 9 of this chapter to the state general fund as follows:

(1) Fifty percent (50%) of the amount shall be transferred from the skills 2016 fund established by IC 22-4-10.5-2.

(2) Fifty percent (50%) of the amount shall be transferred

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1 from the special employment and training services fund
2 established by IC 22-4-25-1.

3 **Sec. 16.** The department of workforce development shall audit
4 each taxpayer to ensure that a qualified employer's qualified
5 employees have completed the requirements that qualify a
6 taxpayer for a credit granted under this chapter.

7 **Sec. 17.** This chapter expires December 31, 2008.

8 SECTION 2. IC 22-4-25-3 IS ADDED TO THE INDIANA CODE
9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
10 1, 2007]: **Sec. 3. (a)** As used in this section, "fund" refers to the
11 special employment and training services fund created by section
12 1 of this chapter.

13 **(b)** Subject to the approval of the board, the commissioner may
14 allocate not more than two million dollars (\$2,000,000) from the
15 fund annually for competitively procured training programs in
16 furtherance of workforce development.

17 **(c)** This section expires December 31, 2010.

18 SECTION 3. [EFFECTIVE UPON PASSAGE] To carry out
19 IC 6-3.1-31 and IC 22-4-25-3, both as added by this act, the
20 department of workforce development may adopt temporary rules
21 in the manner provided for the adoption, filing, and publication of
22 emergency rules under IC 4-22-2-37.1. A temporary rule adopted
23 under this SECTION expires on the earlier of the following:

24 **(1)** The date that another temporary rule is adopted under
25 this SECTION to replace the previously adopted temporary
26 rule.

27 **(2)** January 1, 2009.

28 SECTION 4. An emergency is declared for this act.

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